INTRODUCTION: Public Debt Operations

Chapter 31 of Title 31 of the United States Code allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

• Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

• Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every 4 weeks. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to $1 million for bills and $5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

• Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2, and data for cash management bills.

• Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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[Source: Bureau of the Public Debt, Office of Financing]

JANUARY

Auction of 2-Year and 5-Year Notes

January 15 Treasury announced it would auction $17,500 million of 2-year notes of Series AB-1999 and $12,500 million of 5-year notes of Series C-2002 to refund $27,916 million of securities maturing January 31 and to raise about $2,075 million new cash.

The notes of Series AB-1999 were dated January 31, 1997, due January 31, 1999, with interest payable July 31 and January 31 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on January 22, and totaled $42,692 million, of which $17,503 million was accepted. All competitive tenders at yields lower than 5.984 percent were accepted in full. Tenders at 5.984 percent were allotted 16 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.984 percent with an equivalent price of 99.797. The median yield was 5.970 percent, and the low yield was 5.931 percent. Noncompetitive tenders totaled $1,651 million. Competitive tenders accepted from private investors totaled $15,852 million.

In addition to the $17,503 million of tenders accepted in the auction process, $1,600 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $320 million was accepted from Federal Reserve banks for their own account.

The notes of Series C-2002 were dated January 31, 1997, due January 31, 2002, with interest payable July 31 and January 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on January 23, and totaled $30,305 million, of which $12,503 million was accepted. All competitive tenders at yields lower than 6.325 percent were accepted in full. Tenders at 6.325 were allotted 73 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.325 percent with an equivalent price of 99.683. The median yield was 6.307 percent, and the low yield was 6.273 percent. Noncompetitive tenders totaled $632 million. Competitive tenders accepted from private investors totaled $11,871 million.

In addition to the $12,503 million of tenders accepted in the auction process, $700 million was accepted from Federal Reserve banks as agents for foreign and international mone-

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tary authorities, and $230 million was accepted from Federal Reserve banks for their own account.

Auction of 10-Year Inflation-Indexed Notes

September 25, 1996, President Clinton and Secretary Rubin announced the terms and conditions of the first Treasury inflation-indexed security, to be a 10-year note on which the principal will be adjusted for changes in inflation. The inflation adjustment will be paid at maturity. Semi-annual interest payments will be a fixed percentage of the adjusted principal, and the Consumer Price Index for All Urban Consumers will be used as the gauge of inflation.

January 21, 1997, Treasury announced it would auction $7,000 million of 10-year inflation-indexed notes to raise cash. The notes offered were Treasury Notes of Series A-2007, dated January 15, 1997, issued February 6, 1997, due January 15, 2007, with interest payable July 15 and January 15 until maturity. An interest rate of 3-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis. Adjusted accrued interest of $2.05323 per $1,000 was required for the period January 15 to February 6, 1997.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on January 29, and totaled $37,219 million, of which $7,003 million was accepted. All competitive tenders at yields lower than 3.449 percent were accepted in full. Tenders at 3.449 percent were allotted 75 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 3.449 percent with an equivalent adjusted price of 99.482. The median yield was 3.400 percent, and the low yield was 3.200 percent. Noncompetitive tenders totaled $157 million. Competitive tenders accepted from private investors totaled $6,846 million.

In addition to the $7,003 million of tenders accepted in the auction process, $350 million was accepted from Federal Reserve banks for their own account.

The notes of Series A-2007 may be held in STRIPS form. The minimum par amount required is $1,600,000.

52-Week Bills

December 27, 1996, tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated January 9, 1997, and to mature January 8, 1998. The issue was to refund $18,910 million of maturing 52-week bills and to raise about $350 million new cash. The bills were auctioned on January 2. Tenders totaled $47,806 million, of which $19,298 million was accepted, including $914 million of noncompetitive tenders from the public and $5,225 million of the bills issued to Federal Reserve banks for themselves. An additional $1,300 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.31 percent.

January 24 tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated February 6, 1997, and to mature February 5, 1998. The issue was to refund $18,900 million of maturing 52-week bills and to raise about $350 million new cash. The bills were auctioned on January 30. Tenders totaled $52,001 million, of which $19,349 million was accepted, including $1,212 million of noncompetitive tenders from the public and $5,610 million of the bills issued to Federal Reserve banks for themselves. An additional $1,610 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.34 percent.

FEBRUARY

February Quarterly Financing

February 5 Treasury announced it would auction $17,750 million of 3-year notes of Series U-2000, $12,000 million of 10-year notes of Series B-2007, and $10,000 million of 30-year bonds of February 2027 to refund $18,037 million of Treasury securities maturing February 15 and to raise about $21,725 million new cash.

The notes of Series U-2000 were dated February 18, 1997, due February 15, 2000, with interest payable August 15 and February 15 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on February 11, and totaled $39,418 million, of which $17,754 million was accepted at yields ranging from 5.990 percent, price 99.689, up to 6.005 percent, price 99.649. Tenders at the high yield were allotted 23 percent. Noncompetitive tenders were accepted in full at the average yield, 5.997 percent, price 99.670. These totaled $713 million. Competitive tenders accepted from private investors totaled $17,041 million.

In addition to the $17,754 million of tenders accepted in the auction process, $1,837 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $805 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2007 were dated February 15, 1997, issued February 18, 1997, due February 15, 2007, with interest payable August 15 and February 15 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of $0.51796 per $1,000, covering the period from February 15 to February 18, 1997, was payable with each accepted tender.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on February 12, and totaled $22,764 million, of which $12,005 million was accepted at yields ranging from 6.354 percent, price 99.238, up to 6.399 percent, price 98.911. Tenders at the high yield were allotted 60 percent. Noncompetitive tenders were accepted in full at the average yield, 6.374 percent, price 99.092. These totaled $424 million. Competitive tenders accepted from private investors totaled $11,581 million.

In addition to the $12,005 million of tenders accepted in the auction process, $550 million was accepted from Federal

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Reserve banks as agents for foreign and international monetary authorities, and $540 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2007 may be held in STRIPS form. The minimum par amount required is $32,000.

The bonds of February 2027 were dated February 15, 1997, issued February 18, 1997, due February 15, 2027, with interest payable August 15 and February 15 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of $0.54903 per $1,000, covering the period from February 15 to February 18, 1997, was payable with each accepted tender.

Tenders for the bonds were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on February 13, and totaled $24,212 million, of which $10,004 million was accepted at yields ranging from 6.625 percent, price 99.998, up to 6.660 percent, price 99.546. Tenders at the high yield were allotted 35 percent. Noncompetitive tenders were accepted in full at the average yield, 6.640 percent, price 99.804. These totaled $318 million. Competitive tenders accepted from private investors totaled $9,686 million.

In addition to the $10,004 million of tenders accepted in the auction process, $450 million was accepted from Federal Reserve banks for their own account.

The bonds of February 2027 may be held in STRIPS form. The minimum par amount required is $1,600,000.

Auction of 2-Year and 5-Year Notes

February 19 Treasury announced it would auction $17,500 million of 2-year notes of Series AC-1999 and $12,500 million of 5-year notes of Series D-2002 to refund $27,695 million of securities maturing February 28 and to raise about $2,300 million new cash.

The notes of Series AC-1999 were dated February 28, 1997, due February 28, 1999, with interest payable the last calendar day of August and February through February 28, 1999. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on February 25, and totaled $38,699 million, of which $17,507 million was accepted. All competitive tenders at yields lower than 5.885 percent were accepted in full. Tenders at 5.885 percent were allotted 94 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.885 percent with an equivalent price of 99.981. The median yield was 5.865 percent, and the low yield was 5.820 percent. Noncompetitive tenders totaled $1,321 million. Competitive tenders accepted from private investors totaled $16,186 million.

In addition to the $17,507 million of tenders accepted in the auction process, $1,750 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $624 million was accepted from Federal Reserve banks for their own account.

The notes of Series D-2002 were dated February 28, 1997, due February 28, 2002, with interest payable the last calendar day of August and February through February 28, 2002. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on February 26, and totaled $26,366 million, of which $12,503 million was accepted. All competitive tenders at yields lower than 6.359 percent were accepted in full. Tenders at 6.359 percent were allotted 37 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.359 percent with an equivalent price of 99.539. The median yield was 6.314 percent, and the low yield was 6.260 percent. Noncompetitive tenders totaled $499 million. Competitive tenders accepted from private investors totaled $12,004 million.

In addition to the $12,503 million of tenders accepted in the auction process, $835 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $445 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

February 21 tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated March 6, 1997, and to mature March 5, 1998. The issue was to refund $18,795 million of maturing 52-week bills and to raise about $450 million new cash. The bills were auctioned on February 27. Tenders totaled $50,260 million, of which $19,277 million was accepted, including $1,104 million of noncompetitive tenders from the public and $5,105 million of the bills issued to Federal Reserve banks for themselves. An additional $1,527 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.36 percent.

Cash Management Bills

February 25 tenders were invited for approximately $23,000 million of 45-day bills to be issued March 3, 1997, representing an additional amount of bills dated October 17, 1996, maturing April 17, 1997. The issue was to raise new cash. Tenders were opened on February 27. They totaled $82,159 million, of which $23,140 million was accepted. The average bank discount rate was 5.16 percent.

MARCH

Auction of 2-Year and 5-Year Notes

March 19 Treasury announced it would auction $17,250 million of 2-year notes of Series AD-1999 and $12,500 million of 5-year notes of Series E-2002 to refund $29,122 million of securities maturing March 31 and to raise about $625 million new cash.

The notes of Series AD-1999 were dated March 31, 1997, due March 31, 1999, with interest payable September 30 and

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March 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on March 25, and totaled $37,989 million, of which $17,254 million was accepted. All competitive tenders at yields lower than 6.270 percent were accepted in full. Tenders at 6.270 percent were allotted 47 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.270 percent with an equivalent price of 99.963. The median yield was 6.240 percent, and the low yield was 6.200 percent. Noncompetitive tenders totaled $1,479 million. Competitive tenders accepted from private investors totaled $15,775 million.

In addition to the $17,254 million of tenders accepted in the auction process, $1,600 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $889 million was accepted from Federal Reserve banks for their own account.

The notes of Series E-2002 were dated March 31, 1997, due March 31, 2002, with interest payable September 30 and March 31 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on March 26, and totaled $31,737 million, of which $12,516 million was accepted. All competitive tenders at yields lower than 6.660 percent were accepted in full. Tenders at 6.660 percent were allotted 29 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.660 percent with an equivalent price of 99.853. The median yield was 6.640 percent, and the low yield was 6.490 percent. Noncompetitive tenders totaled $644 million. Competitive tenders accepted from private investors totaled $11,872 million.

In addition to the $12,516 million of tenders accepted in the auction process, $1,100 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $645 million was accepted from Federal Reserve banks for their own account.

Change in Treasury Bill Auctions

March 18, 1997, Treasury announced that, beginning with the 52-week bill auction on March 26, 1997, awards made to Federal Reserve banks for their own accounts in Treasury bill auctions would be treated as additions to the announced offering amount. Previously, awards to these accounts were within the announced offering amount.

52-Week Bills

March 21 tenders were invited for approximately $13,750 million of 364-day Treasury bills to be dated April 3, 1997, and to mature April 2, 1998. The issue was to refund $13,680 million of maturing 52-week bills and to raise about $75 million new cash. The bills were auctioned on March 26. Tenders totaled $62,562 million, of which $13,772 million was accepted, including $980 million of noncompetitive tenders from the public and $1,237 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. In addition, $5,265 million was issued to Federal Reserve banks for their own accounts. The average bank discount rate was 5.66 percent.